

**From:** [Elisabeth Jensen](#)  
**To:** [Borough Assembly](#)  
**Cc:** [Bob Bartholomew](#); [Sam Muse](#); [Tim Davis](#); [Jean Hodges](#)  
**Subject:** Follow-up to Assembly question to Best Starts at AFC 6.14.17  
**Date:** Friday, June 23, 2017 3:04:05 PM  
**Attachments:** [Best Starts Response to Assembly.pdf](#)

---

Dear Assembly members,

During the Assembly Finance Committee meeting on June 14, 2017, there were requests from Assembly members to the Best Starts group to provide further information regarding Best Starts' request.

The attached file has been provided by Kevin Ritchie in response to these requests.

Thank you,

Elisabeth

---

Elisabeth Jensen • CBJ Budget Analyst • ph 907.586.0303 • fax 907.586.4548  
[CBJ Budget](#) • [Elisabeth.Jensen@Juneau.org](mailto:Elisabeth.Jensen@Juneau.org)

**Answers to Assembly evaluation questions asked of all projects  
Best Starts for Juneau's Kids  
Provision of affordable high quality child care and early learning to all who need it.**

**Assembly 1% sales tax evaluation questions**

1. Will Expenditure help reduce future program or facility costs? Quantify financial impact on operating costs.

YES, there are significant offsetting financial returns to Juneau including **significant reductions of CBJ program operating costs and higher tax revenues** for a \$3.3 million annual investment in quality child care/early learning:

**a. Short term return: (result of increased economic activity)**

- NEW: **85 NEW permanent jobs and an additional \$5.8 million in economic activity (spending) in Juneau.** (McDowell and Associates)
- Current: 200 jobs, \$16.5 million in total economic activity (spending) (McDowell and Associates) – Per testimony by operators, this will continue to decline without Best Starts.
- Additionally, other increased economic activity (e.g. new or expanded or more profitable businesses) directly related to offering available affordable child care and early learning. (see Juneau Economic Development Plan, Ord 2015-10)
- **Direct immediate return to the CBJ to offset program costs includes increased sales, property tax, and fees for utilities, use of recreation facilities, etc.** (For example, if 60% of the Best Starts spending increase is used for taxable purchases, the return to the CBJ in sales tax is approximately \$175,000 each year plus increased property tax, etc.

**b. Long term return - Result of long term impacts that reduce program costs in schools, criminal justice, mental health and social services/ Plus the impacts of increased education achievement, family income, etc.**

There have been many long term studies of the economic impacts of quality child care and early education. Nobel Laureate James Heckman is among the most respected and most conservative. Heckman estimates an annual 6-10% return on every dollar invested in quality child care and early learning. For example, for a CBJ investment of \$3.3 million (plus an additional \$700,000 from families) the annual long term return compounds. For example, the annual return on a \$3.3 million CBJ annual investment after ten years at 10% is \$4,000,000 per year and increasing annually thereafter. While the estimates include some services provided by the state, Juneau is likely to see reductions in the number of students requiring special education services and a shift of those resources within the school district budget to other education priorities.

1b Quantify financial impact on capital costs over 20 years (including major mtnc.).

None \$0.

2 Does it leverage other money? What Source & how much?

Yes, the purpose of Best Starts is to add only enough public investment to make the economic model for quality child care and early education work. This leverages the resources and creativity of the private and nonprofit sectors, and utilizes all of the existing federal, state, and local programs.

The estimates of the leverage resources are: (McDowell and Associates)

- Current: \$6.7 million from Households; \$1.7 million in private and government sponsored financial assistance (e.g. State Child Care Assistance); and \$2.6 million by governmental entities (e.g. Head Start, HEARTS)

- New: \$500,000 to \$700,000 additional investment by Households if Best Starts is adopted.

3 Is there an existing alternative? Physical? Funding? Legislative

3a Alternate facility or program?

No, maximum use is currently being made of inadequate federal, state, and local government programs. No additional federal or state programs are anticipated in the foreseeable future. Juneau families contribute the largest amount to child care and early education, but current rates are already exceeding the ability of most families to pay.

3b Alternate funding sources?

One potential advantage of being an innovative program is getting attention from private foundations and possibly some large businesses that **could result in funding assistance after the first 4-5 years**. With increasing awareness around the nation of the value and need for high-quality early education, we are seeing discussion of increased investments from states and the federal government. While we cannot wait for the federal and state governments to substantially increase their investments, it is not unrealistic to anticipate increases in the future that would result in DECREASED reliance on local support for early education.

4a Is project scalable?

Not practically, if the goal is to provide affordable, high quality child care and early learning to all those who want it. The program is carefully designed to leverage all current resources and add the minimum necessary to support the goal. Low quality care and early education does not yield acceptable results. Thus, the only alternative would be to have high quality care available to only some families.

5 Does it help achieve Assembly goals & adopted plans.

- Meets Juneau Economic Development Plan (Adopted 2/23/15)  
Goal: Attract and Prepare the next generation workforce:  
6. Increase availability of child care year round, with an emphasis on Kindergarten readiness.
- Makes Juneau the most family friendly community in Alaska, and one of the most in the United States
- Makes Juneau a better Capital City and more business friendly
- Increase workforce for Juneau businesses: "Parents earn, while children learn".

**Answers to Additional Finance Committee questions**  
**Best Starts for Juneau’s Kids**  
**Provision of affordable high quality child care and early learning to all who need it.**

**What is the Full Cost of Best Starts?:**

The cost of Best Starts is \$3.3 million per year. Adjusting for start-up, **the five year cost is \$14.0 million.**

Note: see detail of four Best Starts program components below and start up plans.

**Start-up plan:**

**Quarter 1:** Hire half time administrator, develop process/procedures, complete baseline quality assessments on existing programs. Support programs developing facility and quality improvement plans.

**Quarter 2:** Begin administration of quality grants to programs and expanded HEARTS awards to teachers. Work with Head Start and part day preschools to expand to full day with financial support. Outreach to catholic Community Services, Bright Horizons, and other potential start-ups.

**Quarter 3:** Hire PreK specialists, select evidence based curriculum with involvement of child care and PreK programs, training for PreK specialists and child care and PreK programs.

Begin administration of parent scholarship supplements.

**Quarter 4:** Complete all start up activities to be fully operational. Continue to recruit new programs and expand access and quality.

**Start up budget estimate:**

Year 1 – 50%	\$1.6 Million
Year 2 – 75%	\$2.5 Million
Year 3 – 100%	\$3.3 Million
Year 4 – 100%	\$3.3 Million
Year 5 – 100%	<u>\$3.3 Million</u>
Total 5 years	<b>\$14.0 Million</b>

**Four Best Starts Strategies:** (See fuller explanation below)

1. **Curriculum development and direct teaching services from certified pre-school teachers.** (\$950,000/year)
2. **Financial incentive pay for child care workers who take training in Child Care and Early Learning.** – Expand HEARTS (\$360,000/year)
3. **Monthly Quality Grants to all participating child care and preschool centers and homes.** – Work with/expand current state program (\$538,000/year).
4. **Increase the current sliding support for families.** (\$1.3 million) – Work with/expand current state program

**Will the four strategies work? Yes**

1. The 4 strategies work together to address the key structural/economic issues in Juneau:
  - a. Lack of revenue potential to allow the industry to meet the current and future demand.
  - b. Low pay and severe workforce instability and lack of training
  - c. General lack of a high quality curriculum.
2. Strategies 2,3,4 each expand a current successful program in Juneau, so the risk is very low, and the administrative structure is essentially in place. Strategy 1 is an evidence based practice currently used in a variety of communities.

**Will Best Starts serve 100% of the need? (i.e., all households that want services)**

**Yes**, 100% of need is what the estimates and plans are based on. If planning estimates for participating families turn out to be low, adjustments will have to be made within the available funding to ensure high-quality programming while serving the need. It may also be possible to access a small amount of additional funding from foundations, etc. if required. **NO NEW ADDITIONAL FUNDING WILL BE REQUESTED FROM THE CBJ.**

**Cost to Households:**

All households will pay the same rates set by the providers. Best Starts will ensure that lower income families also have equal access to high quality services by providing a household subsidy on a sliding scale based on household income. Best Starts will work with and supplement the current State Child care Assistance Program and other existing programs to ensure that subsidies are seamless and equitable.

**Quality:**

Best Starts allows all providers to access the money and other resources and tools needed to deliver high quality care and early learning. This will positively impact every participating household regardless of income.

**How will new/expanded child care/early learning facilities and services be started?**

The purpose of Best Starts is to basically “fix” the failing economic model for child care and early learning. This allows the market to operate freely and relies on the creativity of the private and nonprofit sectors to secure facilities and operate programs. There is a high interest in serving youth in Juneau and a number of facilities can be made available below market rates. We have had some discussions about low cost facilities with the JSD, UAS, and churches. For example, Catholic Community Service has expressed its intent to reopen its Child care center if Best Starts is funded in a church facility.

**Other City Funded early learning Programs:** Juneau would be the first municipality in Alaska, and one of the smallest cities in the nation to implement universal early learning. **This would bring a great deal of national attention and could be the biggest locally initiated boost to economic development in the history of Juneau.** Some cities with sales or property tax funded early learning programs include: West Sacramento; Denver; Seattle; San Francisco; San Antonio. A summary of these programs is at: <http://documents.tempe.gov/sirepub/cache/1207/nncvirdts4yos4jsmhgthsx0/1944091906212017090931433.PDF>

Regarding the specific component strategies of Best Starts, the “2017 Build Initiative QRIS 3.0 Tools and Resources” compendium on financing strategies for quality child care. Quality Awards: page 10; Preschool curriculum specialists: page 12; Wage Supplements: page 12; Revenue generation: page 16. (Each section and the appendices have links to examples of communities implementing.) <http://buildinitiative.org/Portals/0/Uploads/Documents/Resources/QRIS%203/FinanceQRIS.pdf>

**Administration of Best Starts operations:** One of the key goals of Best Starts is to be highly cost effective. Administrative costs will be kept low.

- **Program Administration/operations:** 3 of the 4 core Best Starts programs are essentially currently in existence:
  - 1. The HEARTS program (teacher education incentives) is currently administered by the Association for the Education of Young Children – Juneau (AEYC);
  - 2. State Child care Assistance is administered by Catholic Community Service;
  - 3. And the State currently administers a structure to pay monthly per student subsidies to providers.

Since these three Best Starts Core Programs are already in existence, we suggest that the first option explored is expanding the roles of these three programs. On the 4<sup>th</sup> Best Starts program, curriculum development and circuit riding pre-school teachers, AEYC, Juneau is probably in the best position to administer the program, with an advisory steering committee including at least the UAS and JSD.

- **Data Collection, analysis, and planning:** \$100,000 is allocated within the \$3.4 million annual budget. It is key that the effectiveness of each program and the overall impact be evaluated to achieve the best long term results.
- **Fiscal Agent/Backbone administration:** It may make sense to make the Juneau Community Foundation and/or the United Way the fiscal agent/administrative backbone agency as JCF already administers the CBJ's social services funds and United Way is a broad community service agency. Initial discussions have already taken place.
- **Steering Committee appointed by the Assembly:** The Steering Committee should not include members who administer or operate programs. The Steering Committee would oversee the backbone administrative agency, evaluate data, decide on administrative and management issues regarding programs. The Steering Committee could include: 1 or 2 Assembly Members; City Manager or Deputy; JSD rep; UAS rep; 1 or 2 private business leaders; State DOE rep; Provider; community member, parent, etc. We would be happy to work on a draft resolution.

#### **More Detail on the Four Best Starts child care and preschool strategies**

1. **Curriculum development and direct teaching services from certified pre-school teachers.** (\$950,000/year) The implementing agency (possibly Juneau Association for the Education of Young Children (AEYC)) would hire certified teachers at a pay scale equivalent to the JSD teacher pay scale to provide curriculum support, staff training, and direct child instruction to 2 or more centers or providers. This optional service would: Be No cost to the center/provider; Foster high quality learning for all students; Improve the bottom line for the operation of a child care or preschool; Benefit all families – raise quality and improve affordability for all.
2. **Financial incentive pay for child care workers who take training in Child Care and Early Learning.** (\$360,000/year) Essentially, an expansion of the Assembly's HEARTS program to provide direct financial incentive pay to staff completing specified training. This optional service would: Be No cost to the center/provider; Foster high quality learning for all students; Improve the bottom line for the operation of a child care or preschool; Foster more stable better trained child care and preschool workers; Benefit all families – raise quality and improve affordability for all; Tied to the existing HEARTS program, so no new administrative structure needed.
3. **Monthly Quality Grants to all participating child care and preschool centers and homes.** (\$538,000/year). \$75 per month per student. (In addition, the State currently provides \$30/month per student through a somewhat little known program adopted in 1996 and tied to the state education formula. This optional service would: Be No cost to the center/provider; Foster high quality learning curriculum for all students; Improve the bottom line for the operation of a child care or preschool; Fosters more stable better trained child care and preschool workers; Benefit all families – raise quality and improve affordability for all; Tied to the existing State grant program, so no new administrative structure needed.
4. **Increase the current sliding support for families.** (\$1.3 million) Administered jointly with the State Child Care Assistance Program, it would increase the level of subsidy more for lower income working families to make child care and preschool affordable. (Some of the funds would also be used to provide sliding fee subsidies for the Parents as Teachers services.) The current State CCAP is not sufficient to support facilities or make child care or preschool affordable. This optional service would: Be at No cost to the center/provider; Improve the bottom line for the operation of a child care or preschool; Benefit lower income working families the most by making child care and early

learning affordable; Tied to the existing State Child Care Assistance Program (contracted to Catholic Community Service), so no new administrative structure needed.